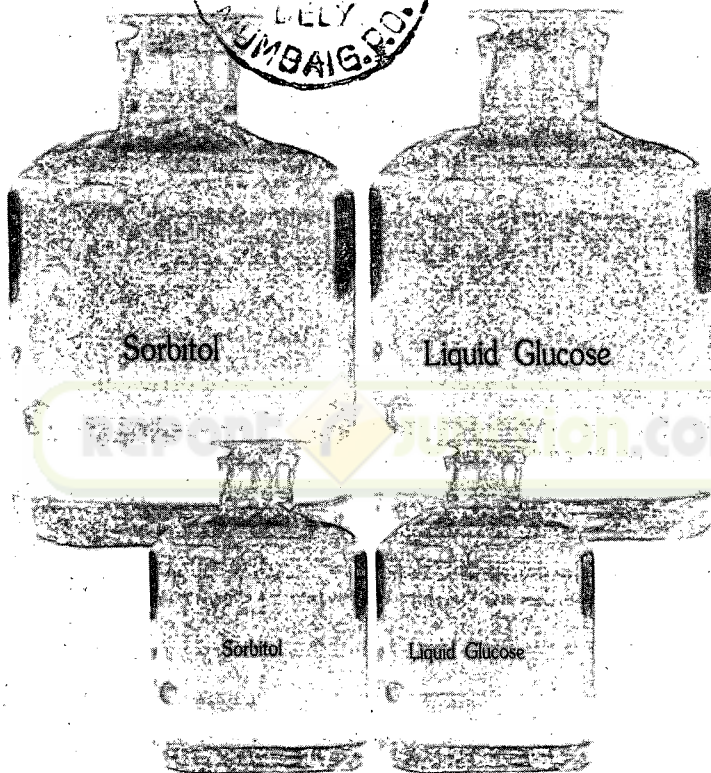




7th Annual Report 2006-07



Gulshan Polyols Limited
(An ISO 9001:2000 Company)



Dr. Chandra Kumar Jain
Managing Director

From the Managing Director's Desk

DEAR MEMBERS OF THE GULSHAN FAMILY,

It always gives me a pleasure to update you about the performance of your Company. Your Company has carved a niche for itself by growing to become one of the leading producer of Sorbitol with the substantial market share and production capacity in the organized sector.

Gulshan Polyols Limited (GPL) has reported a better performance for the quarter ended 31 March 2007. Some of the performance indicators can be analysed as below:

(Rs. in million)

Performance Indicators	Quarter Ended (Unaudited)		Growth (%)
	March 31, 2007	March 31, 2006	
Total Income	944.40	647.76	45.79
Profit Before Tax	65.26	28.72	127.22
Profit After Tax	52.95	22.49	135.43
EPS (Rs. per Share)	8.52	3.62	135.35

The increase in the bottom-line of the financials is representative of the growth achieved by your company during the year.

GPL is one of the leading producers of Sorbitol 70% and Liquid Glucose. The former finds its application in various industries viz, toothpaste industry, paint industry, pharmaceuticals industry etc.

Needless to say, as in the past, we are sure that we shall continue to get your support and that you shall always remain a part of the ever-growing Gulshan family.

I am confident that our evolving business model will help us position ourselves as a significant global supplier and this will go a long way in enhancing value for all our stakeholders. We look forward to your continued support in achieving our goals.

Jai Hind !

Dr Chandra Kumar Jain
(Managing Director)



Gulshan Polyols Limited

BOARD OF DIRECTORS

Mr. I.C. Agarwal	:	Chairman (Independent Director)
Dr. Chandra Kumar Jain	:	Managing Director
Mrs. Mridula Jain	:	Director
Mr. Shiv Kumar Uppal	:	Executive Director
Mr. Ajay Jain	:	Non - Executive Independent Director

COMPANY SECRETARY

Mr. Saurabh Mittal

AUDITORS

M/s Shahid & Associates
Chartered Accountants
Muzaffarnagar (UP).

BANKERS

Bank of Baroda

REGISTERED OFFICE

Plot No. 762, Jhagadia Industrial Estate,
Bharuch - 393110 (Gujarat)

CORPORATE OFFICE & INVESTOR CELL

G-81, Preet Vihar,
Delhi - 110 092

REGISTRAR & TRANSFER AGENT

M/s. Alankit Assignments Ltd.
2E/21, Alankit House
Jhandewalan Extension
New Delhi - 110055

PLANT LOCATION

Plot No. 762, Jhagadia Industrial Estate,
Bharuch - 393110 (Gujarat)

VISIT US AT

www.gulshanindia.com

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Gulshan Polyols Limited

NOTICE

Notice is hereby given that the 7th Annual General Meeting of GULSHAN POLYOLS LTD. will be held on Saturday, 22nd September, 2007 at 10:00 A.M. at its Registered Office at Plot no. 762, Jhagadia Industrial Estate, Distt. Bharuch- 393110 (Gujarat) to transact the following business:

ORDINARY BUSINESS

- 1) To consider and adopt the Audited Balance Sheet as at 31st March 2007 and the Profit & Loss Account of the company for the year ended on that date together with the Reports of Board of Directors and the Auditors thereon.
- 2) To declare a dividend on Equity Shares.
- 3) To appoint a director in place of Mr. I.C. Agarwal who retires by rotation and being eligible offers himself for reappointment.
- 4) To appoint a director in place of Mr. Ajay Jain who retires by rotation and being eligible offers himself for reappointment.
- 5) To appoint Auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to authorize the Board of Directors to fix their remuneration.

SPECIAL BUSINESS

- 6) To consider, and if thought fit, pass, with or without modification, the following resolution, as Ordinary Resolution :

"RESOLVED that pursuant to sections 198, 269, 309 and 310 read with schedule XIII and other applicable provisions of the Companies Act, 1956 approval of the shareholders be and is hereby accorded to the appointment of Mr. S.K. Uppal as Whole Time Director of the Company for a further period of 3 years w.e.f. 1st January, 2007 on the Remuneration, Perquisites and other benefits and amenities as set out below with a liberty to the Board of Directors to make and /or accept any variation in the terms & conditions and also to consider annual increment in remuneration within the limits specified in above sections and Schedule XIII of the Companies Act, 1956 or any other applicable provisions of the Act and guidelines issued by the Central Government from time to time."

Salary: Rs. 30,000/- (Rupees thirty thousand) per month with effect from 1st January, 2007 (subject to deduction of tax at source).

- Perquisites: (i) An amount equal to Rs. 15,000/- per month being House Rent Allowance.
- (ii) Company's contribution towards Provident Fund, Gratuity as per prevailing laws and Encashment of accumulated Leaves as per rules of the company. The Gratuity shall not exceed an amount equal to half month's salary for each completed year of service. However, all these shall not be included in the computation of the ceiling on perquisites to the extent these either singly or put together are not taxable under the Income Tax Act.
- (iii) Company's Car for use on Company's business and telephone at residence and Mobile phone will be provide but shall not be considered as perquisites. Personal long distance calls and use of car (if any) for private purpose shall be billed by the company.

For and on behalf of the Board
For Gulshan Polyols Limited

sd/-

Saurabh Mittal
Company Secretary

Delhi
June 16, 2007

NOTES:

1. A member entitled to attend and vote at the meeting is entitled to appoint one or more proxies and such proxy need not be a member of the company. The instrument appointing proxy should be deposited at the Registered office of the company, not less than 48 hours before the commencement of the meeting.



Gulshan Polyols Limited

2. The information as required to be provided under the Listing Agreement entered into with Stock Exchanges regarding the directors who are proposed to be appointed/reappointed and the related explanatory statement pursuant to section 173(2) in respect of the business under item no 3, 4 & 6 set out above are annexed hereto.
3. The register of Members and the Share Transfer Books of the Company shall remain closed from Tuesday, August 21, 2007 to Friday, August 24, 2007 (both days inclusive).
4. In terms of provisions of section 205 A & 205 C of Companies (Amendment) Act, 1999, no amount of dividend which has remained unpaid or unclaimed for a period of seven years is due for transfer to the Investor Education and Protection Fund set up by the Government of India.
5. Dividend on the Shares, if approved by the shareholders at the Meeting, will be paid to those Members/Beneficial owners whose names appear on the Company's Register of Members/Register of Beneficiaries as on Friday, August 24, 2007.
6. In view of prevailing Income Tax Laws, the dividend distributed by the company is tax-free in the hands of the shareholders and no TDS would be deducted from the amount of the dividend.
7. Members are requested to notify promptly any change in their address and to furnish dividend mandates, if any, so as to reach the Registrar of the Company i.e. M/s Alankit Assignments Ltd, 2E/21, Alankit House, Jhandewalan Extension, New Delhi 110055 (Phone no 011-42541234, 23541234 and Fax No 011-41540064, and email address: rta@alankit.com) or to Share Department & Investor Cell of the Company at G-81, Preet Vihar, Delhi 110092 (Phone no 011-22514751, 32508619 and Fax no. 011-22157338) and email address saurabh@gulshanindia.com latest by the 24th day of August, 2007.
8. The members can avail of the nomination facility by filling form 2-B with the company. Blank forms will be supplied on request.
9. Members/Proxies are requested to bring copy of the Annual Report with them, as copies of the Report will not be distributed at the Meeting.

INFORMATION REQUIRED TO BE FURNISHED UNDER THE LISTING AGREEMENT:

As required under the listing agreement, the particulars of Directors who are proposed to be appointed/reappointed are given below:

- | | |
|----------------------|---|
| (1) Name : | Mr. I.C. Agarwal |
| Age : | 57 years |
| Qualifications: | Bachelor of Commerce |
| Experience: | Vast experience in managing business affairs. |
| Other Directorships: | He holds directorship in the following companies:
Gulshan Sugars & Chemicals Ltd., Genus Power Infrastructures Ltd., Genus Electrotech Ltd. Kailash Coal & Coke Co. Ltd., Genus Paper Products Ltd., Kailash Industries Ltd., Genus Power Ltd and Godavari Commodities Ltd.
He is also a member of Audit Committee, Chairman of Remuneration Committee and shareholder's Grievance Committee. He also holds membership of five committees of Board of other companies and holds chairmanship of four committees of other companies. |
| (2) Name: | Mr. Ajay Jain |
| Age: | 47 years |
| Qualifications: | FCA & ACS |
| Experience: | Vast experience in Finance and Management. |
| Other Directorships: | He holds directorship in Gulshan Chemfill Ltd. He is also a member of Remuneration Committee, shareholder's Grievance Committee and Chairman of Audit Committee. He also holds membership of three committee of Board of other company and holds chairmanship of one committee out of three. |

Gulshan Polyols Limited

(3) Name:	Mr. S.K.Uppal
Age:	55 years
Qualifications:	M.Tech
Experience:	Over 30 years experience in Sorbitol and Starch Industry.
Other Directorships:	None

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956

ITEM NO 6

Mr. S.K.Uppal was appointed as Whole Time Director of the company in the meeting of Board of Directors of your company held on 1st January, 2007 subject to the approval of the shareholders in the AGM for a period of 3 years on the terms and conditions and remuneration package as set out in the resolution above. In terms of the prevailing laws, the appointment of the Whole Time Director is required to be approved by the shareholders.

None of the Directors except Mr. S.K.Uppal being himself is interested or concerned in the proposed resolution.

Your directors recommend the resolution for your approval.

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Gulshan Polyols Limited



DIRECTORS' REPORT

Dear Members,

The Board of Directors feel great pleasure in presenting the 7th Annual Report along with Audited Accounts of your Company for the year ended 31st March 2007.

FINANCIAL HIGHLIGHTS

	(Rs. in lacs)	
	CURRENT YEAR 31-03-2007	PREVIOUS YEAR 31-03-2006
- Turnover & Other Income	9445.88	6477.79
- Expenditure	8030.68	5855.82
- Gross Profit before Depreciation	1415.20	621.97
Finance Charges & Tax		
- Depreciation	557.37	213.27
- Finance Charges	205.19	121.42
- Profit Before Tax	652.64	287.27
- Provision for Taxation - Current Tax	73.22	25.36
- Deferred Tax Liability	46.68	34.37
- Fringe Benefit Tax	3.19	2.61
- Net Profit after Tax	529.55	224.93
- Dividend & Dividend Tax	54.51	53.12
- Gross Cash Accruals	1033.80	385.08
- Equity Share Capital	310.62	310.62
- Par Value of Equity Share (Rs.)	5.00	5.00
- Earning per Share - Basic & diluted (Rs.)	8.52	3.62

DIVIDEND

The Board of Directors is pleased to recommend a Tax-free dividend of 15% (Rs. 0.75 per share on a Equity Share of Rs. 5/- each) on the Equity Share Capital of the company for the year ended 31st March 2007. The Dividend, if approved by the members at the ensuing Annual General Meeting, will be paid within stipulated period prescribed under the Companies Act, 1956.

2006-07 IN RETROSPECT

The Sales and Other Income for the financial year under review were Rs. 9445.88 lacs (Previous year Rs. 6477.79 lacs) showing a substantial growth of over 45%. The Net Profits after tax were Rs. 529.55 lacs (Previous year Rs. 224.93 lacs) showing a substantial growth of over 135%. The Depreciation for the year was Rs. 557.37 lacs (Previous year Rs. 213.27 lacs). The Cash accruals were Rs. 1033.80 lacs (Previous year Rs 385.08 lacs). The capacity utilization during the year was over 110% of the capacity. The company looks forward to expand the capacities of Sorbitol to meet the increased demand in the next financial year.

An amount of Rs. 30 lacs has been transferred to General Reserve Account. There have been no material changes and commitments affecting the financial position of the company occurred between the end of the financial year and the date of this report. The information about conservation of energy, technology absorption, foreign exchange earnings and outgo etc has been incorporated in Annexure 1 forming part of this report.

The company has no subsidiary or holding company. During the year the business and affairs of the company have been carried out in its normal course and no significant events have taken place, which are harmful to the business of the company. The company commissioned a 3 MW captive power plant to meet its power requirement and to become self reliant in energy requirement. Further, the company commenced the commercial production of starch, which is the basic raw material for producing sorbitol. Starch being the basic raw material for other related products/by products, the company also set up the facilities for production of Liquid glucose and commenced the commercial operations thereof during the year. The overall integration of operations coupled with captive generation of power savings and additional contribution from by-products etc have improved the profitability margins of the company. There was no buy-back scheme of shares taken up by the company during the year.

Management's Discussion & Analysis about the company forms part of this report.



Gulshan Polyols Limited

DIRECTORS

During the year, Mr. S.K.Uppal, Whole Time Director had resigned in September 2006. However he was again appointed as Whole Time Director for a period of 3 years w.e.f. January 01, 2007 on the terms and conditions and remuneration package as set out in the resolution above subject to the approval by the shareholders in the ensuing Annual General Meeting.

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the company, Mr. I.C.Agarwal, and Mr. Ajay Jain, both Independent Directors of the Board who held the office of director till the date of the forthcoming Annual General Meeting are liable to retire by rotation, being eligible have offered themselves for reappointment.

PROJECT OF BACKWARD INTEGRATION & CAPTIVE POWER PLANT

The company had earlier taken up a project for backward integration to produce the basic raw material i.e. Starch and a captive power plant of 3 MW. After some time and cost over run in the completion of the project, the power plant and starch plant were commissioned during the year and the commercial production of starch also commenced after obtaining necessary approvals from authorities. The company has now become self reliant in power and captive consumption of starch would enable the company to improve margins substantially.

PUBLIC DEPOSITS

The company invited Fixed Deposits from the shareholders & Public during the year. The Fixed Deposits mobilized and outstanding aggregated to Rs. 22.04 lacs as on 31st March 2007 (Previous year Rs. 24.36 lacs). There was no Fixed Deposit remained unclaimed as on 31st March, 2007. There were no delay/ defaults in the payment of any of the Deposit.

The company has complied with the provisions of section 58-A of the Companies Act, 1956 and rules made hereunder.

CONTRIBUTION TO EXCHEQUER

Your company has paid substantial amounts in excess of Rs. 1552 lacs to the Exchequer during the year in the form of Excise Duty, Custom Duty, Direct & Indirect taxes, levies, cess etc.

INSURANCE

The Assets of the company including Buildings, Plant & Machinery, and Stocks & Stores etc. have been adequately insured.

DEMAT OF SHARES

Necessary arrangements are made for Dematerialization of Shares with NSDL and CDSL. Out of the total, 91.10% of the equity shares of the company are already in Demat form. Since the shares of the company are traded on stock exchange in compulsory Demat form, the shareholders holding shares in physical form may avail this facility in their own interest.

AUDITORS REPORT

The Auditors report to the shareholders does not contain any audit qualification. The accounts of the branches of the company are also audited by the Statutory Auditors.

DISCLOSURE OF PARTICULARS

The information pursuant to section 217 (1) (e) of the Companies Act, 1956 read with the Companies (Disclosure of particulars in the report of Board of Directors) Rules, 1988 and as amended and to the extent applicable to the company are given as per prescribed Forms in Annexure-1 forming part of this report. The company has not given any shares to any of the employees under Employees Stock Option Scheme.

Pursuant to the clause 49 of the Listing Agreement, a report on Corporate Governance is given in Annexure-2.

Gulshan Polyols Limited



PERSONNEL

None of the employees during the year received the remuneration in excess of the limits set out under the Provisions of Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules 1975 as amended up to date. Dr. C.K. Jain, Managing Director of the Company is related to Mrs. Mridula Jain as her husband.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement under section 217(2AA) of the Companies Act, 1956, with respect to Director's responsibility statement, it is hereby confirmed:

- i) That in the preparation of the annual accounts, the applicable accounting standards have been followed and there has been no material departure,
- ii) That the selected accounting policies were applied consistently and the directors made judgment and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company as at March 31, 2007 and of the profit of the company for the year ended on that date,
- iii) That proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities,
- iv) That the annual accounts have been prepared on a going concern basis,

SAFETY AND ENVIRONMENT

The company continued to maintain a good safety record. The manufacturing unit of the company is environment friendly and maintains all safety standards and measures.

INDUSTRIAL RELATIONS

The Company continued to maintain good industrial relations with the work force in its unit and offices.

AUDITORS

M/s. Shahid & Associates, Chartered Accountants, Auditors of the company retire at the forthcoming Annual General Meeting and being eligible offer themselves for reappointment. They have confirmed that their appointment, if made, would be within the prescribed limits under section 224(1-B) of the Companies Act, 1956. Accordingly, the said Auditors may be reappointed as Auditors of the company at the forthcoming Annual General Meeting.

ACKNOWLEDGEMENTS

Your Directors wish to place on record their appreciation to the contribution made by all the employees in ensuring high levels of performance and growth that your company has achieved during the year and the valued customers for extending their faith & confidence in the product quality and service. The Board of Directors also wish to place on record to the valuable co-operation and assistance extended by the Financial Institutions, Banks and Government Authorities for their continued support for the growth of the company.

The future prospects of the company are quite exciting in view of the product demand, capacity expansion and project for backward integration and it would be the Company's endeavor to merit the confidence of the esteemed Shareholders on every account.

For and on behalf of the Board of Directors

June 16, 2007
Delhi

Sd/-
I. C. Agarwal
Chairman



Gulshan Polyols Limited

ANNEXURE TO DIRECTOR'S REPORT

FORM-A (See Rule-2)

ANNEXURE-1

Disclosure of particulars with respect to conservation of energy and Consumption per Unit of Production:

Conservation of energy

- (i) **Energy Conservation measures taken:** The Company has implemented a project for captive power generation plant and has realigned the existing power consuming sections to remove bottleneck and to ensure the uninterrupted and quality power supply at the minimum cost.
- (ii) **Additional investment and proposal, if any, being implemented for reduction of energy consumption:** The company has already completed the implementation of Captive Power generation Plant along with backward integration.
- (iii) **Impact of measures (i) & (ii) above for reduction of energy consumption and consequent impact on cost of production of goods:** This would result in higher yield, reduction in power cost and self reliant on power production.
- (iv) **Total energy consumption and energy consumption per unit of production as per Form 'A':** The details are as under:

Disclosure of Particulars with respect to conservation of energy:

	Current Year March 31, 2007	Previous Year March 31, 2006
A. Power & Fuel Consumption :		
1. Electricity :		
a) Purchased:		
Units	24,93,540.00	24,68,093.00
Total Amount (Rs)	1,28,03,775.28	1,32,49,342.00
Average Rate(Rs)/Unit	5.13	5.37
b) Own Generation:		
(i) Through Diesel Generator:		
Units	5,81,400.00	31,932.00
Units per Ltr. of Diesel/Oil	3.67	3.65
Cost(Rs) /unit	9.76	8.62
(ii) Through Steam turbine/Generator:		
Units	38,72,380.00	Nil
Cost (Rs.)/Unit		
Cost per Ltr. Of Fuel, Oil/Gas		
	Turbine is operated by steam generated by boiler. All expenses of fuel used for boiler are booked under the head 'Fuels' and not under Electricity as it cannot be accurately bifurcated/ ascertained	
2. Lignite/Coal (Used in Boiler)		
Qty. (Tones)	16515.315	9,083.82
Total Cost (Rs)	3,80,64,642.00	1,66,72,076
Average Rate (Rs)	2304.81	1,835.36
B. Consumption per Unit (MT) of production		
Production (MT)	33,149.30	30969.90
Electricity (Units/Per Ton)	209.58*	80.72
Coal (Kg/Ton)	498.21*	293

*Note: Consumption rates have increased due to installation of Starch (an Intermediate Product) and Power Co-generation Plant w.e.f. November 2006.

FORM-B (See Rule-2)

Disclosure of particulars with respect to Technology Absorption and Research & Development (R&D): The Company has not imported any technology for the process of operations. The company has made own efforts over the years for development, refinement and improvement in the technology.

FORM-C

Foreign Exchange Earnings & Outgo: Earnings by way of Export of Goods calculated on FOB basis Rs. 23,87,262/- (Previous Year - Rs. 41,35,405/-). The foreign currency utilized during the year on repayment of foreign currency loan installments and interest etc on loan taken was Rs. 2,91,019.37/- (Previous year Rs. 2,71,15,442/-). Expenditure on foreign Traveling is Rs.4,47,320/- (Previous Year Rs. 4,15,612/-).